

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

**MINUTES OF THE ANNUAL MEETING OF THE COMMISSIONERS  
HELD ON AUGUST 23-24, 2022**

Pursuant to the call of the Chairman and notice duly given, the annual meeting of the Commissioners of the Virginia Housing Development Authority (“Virginia Housing”) was held on August 23-24, 2022, at the offices of Virginia Housing, 601 South Belvidere Street, Richmond, Virginia.

**COMMISSIONERS PRESENT:**

William C. Shelton, Chairman  
Thomas A. Gibson, IV, Vice Chairman  
Nathalia Artus  
Bryan Horn  
Abigail Johnson  
Carlos Larrazabal  
Lisa R. Porter  
David L. Richardson  
Michael J. Schewel  
Donald E. Scoggins  
Dominique Hicks Whitaker

**COMMISSIONERS ABSENT:**

None

**OTHERS PRESENT:**

Susan F. Dewey, Chief Executive Officer  
Paul M. Brennan, Chief of Staff  
Fred Bryant, Chief Counsel  
Tammy Neale, Chief of Programs  
Llewellyn C. Anderson, Managing Director of Federal Programs  
Herman Aparicio, Managing Director of Information Technology  
Arthur N. Bowen, Managing Director of Rental Housing  
David Henderson, Managing Director of Finance and Administration  
Monique Johnson, Managing Director of Community Outreach  
Steve Mintz, Deputy Chief Counsel  
Toni Ostrowski, Managing Director of Homeownership  
Hil Richardson, Managing Director of Capital Markets /Chief Financial Officer  
Lisa Watson, Managing Director of Human Resources  
DJ Benway, Policy Analyst  
JD Bondurant, Director of Low-Income Housing Tax Credit Programs  
Shannon Cribbs, Enterprise Portfolio Management Director  
Sandy Edwards, Assistant to the Chief Executive Officer  
Fabrizio Fasulo, Director of Policy and Planning  
Stephanie Flanders, Assistant Director of Low-Income Housing Tax Credit Programs  
Janet Groessler, Senior Executive Assistant

Jacinda Hardy, Internal Staff Auditor  
Cindy Hii, Internal Audit Director  
Tara Jenkins, Associate Chief  
Salathia Johnson, Associate Chief  
Tommy Le, Senior Desktop Support Analyst  
Maria Pruner, Associate Chief  
Mindy Sanders, Senior Staff Auditor  
Yilla Smith, Associate Chief  
Ansel Caine, Caine Mitter  
Ryne Johnson, Astoria  
David Jones, CSG Advisors  
Myriam Michaels, Korn Ferry

Chairman Shelton called the annual meeting of the Board of Commissioners to order at 3:12 PM on August 23, 2022. All the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Johnson, who joined the meeting as noted below, Commissioner Horn who was not present on August 23<sup>rd</sup> and Commissioner Whitaker who was not present on August 24<sup>th</sup>.

Mr. Bondurant responded to questions from Commissioners regarding a training video, which was provided to the Commissioners in advance of the meeting, on the federal low-income housing tax credit (“LIHTC”) program. Mr. Bondurant also discussed several innovative features of Virginia Housing’s Qualified Allocation Plan, such as provisions addressing qualified contracts and entities commonly referred to as “Aggregators,” as well as points for green building, participation in ownership by socially disadvantaged individuals, and contracts for services with businesses certified as Women-Owned, Minority-Owned or Service Disabled Veteran-owned through the Commonwealth of Virginia’s Small, Women-owned, and Minority-owned Business (SWaM) certification program.

Commissioner Johnson joined the meeting during Mr. Bondurant’s presentation.

The following items, in the forms attached hereto, were approved by the affirmative vote of the Commissioners then present on a motion to approve Commissioner recognition resolutions dated August 23, 2022 and entitled as follows: (i) “Resolution of Recognition and Appreciation of Barbara J. Blackston,” (ii) “Resolution of Recognition and Appreciation of Manju Ganeriwala,” (iii) “Resolution of Recognition and Appreciation of Erik Johnston,” and (iv) “Resolution of Recognition and Appreciation of Shekar Narasimhan.”

On a motion duly made and seconded and approved by the affirmative vote of each of the Commissioners then present at the meeting, the Board convened in closed session to discuss and consider the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect Virginia Housing’s bargaining position or negotiating strategy in accordance with Section 2.2-3711.A.29 of the Code of Virginia and such motion provided further that Ms. Dewey, Mr. Brennan and Mr. Bryant, who were deemed necessary to be present or to reasonably aid the Board in its consideration of the aforesaid topic,

be present during the closed session. At the conclusion of the closed session, the Board reconvened in an open meeting. Each Commissioner then present certified, by roll call vote, that, to the best of his or her knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act and only such business matters as were identified in the motion by which the closed session was convened were heard, discussed, or considered in the closed session by the Commissioners.

On motion duly made and seconded and approved by the affirmative vote of each of the Commissioners then present at the meeting, the Board convened in closed session to discuss and consider the performance of Ms. Dewey in accordance with Section 2.2-3711.A.1 of the Code of Virginia and such motion provided further that Ms. Dewey, Mr. Bryant, Ms. Watson and Ms. Michaels (via telephone), who are deemed necessary to be present or to reasonably aid the Board in its consideration of the aforesaid topic, be present during the closed session. At the conclusion of the closed session, the Commissioners reconvened in an open meeting. Each Commissioner then present certified, by roll-call vote, that to the best of his or her knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act and only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed, or considered in the closed session by the Commissioners. On a motion duly made and seconded and approved by the affirmative vote of each of the Commissioners then present at the meeting, the Board ratified the recommendation of the Executive Committee with respect to the merit and bonus of Ms. Dewey.

Ms. Dewey presented a report on Virginia Housing's activities and operations in which she advised the Commissioners on efforts in (i) addressing state housing needs; (ii) addressing unmet rental needs; (iii) strengthening first-time homeownership; (iv) delivering superior long-term financial and operational performance, and (v) telling our story. On the topic of addressing state housing needs, Ms. Dewey discussed (i) several past and future events Virginia Housing is sponsoring or at which staff is presenting; (ii) a spotlight on Virginia Housing's partnership with the City of Martinsville; (iii) an update on indieDwell shipping container homes; and (iv) an update on the Virginia Mortgage Relief Program. On the topic of addressing unmet rental needs, Ms. Dewey discussed (i) the status of rental housing loans in forbearance; (ii) The Current development in Richmond; (iii) Waxpool Apartments in Ashburn; and (iv) the Woodman Road development in Henrico County, involving the adaptive reuse of an obsolete shopping center. On the topic of first-time homeownership, Ms. Dewey discussed (i) the status of homeownership loans in the forbearance, deferment and loan modification processes; (ii) a partnership with Radio One's on-air host Clovia Lawrence; (iii) a partnership with the National Association of Real Estate Brokers ("NAREB") to provide homeownership information to Veterans in Northern Virginia; (iv) upcoming partner trainings; (v) a focus on innovations, specifically the 3D printed home in Richmond; and (vi) a ribbon cutting event on six homes in Exmore on the Eastern Shore. On the topic of delivering superior long-term financial and operational performance, Ms. Dewey discussed (i) a recap of the June 30<sup>th</sup> tax-exempt bond issuance financing three rental housing developments also utilizing 4% LIHTC, and (ii) staff's return to the office on July 11. On the topic of telling our story, Ms. Dewey discussed (i) Governor Youngkin's visit to Virginia Housing headquarters on July 7<sup>th</sup>; (ii) staff's participation in the Department of Housing and Community Development ("DHCD") affordable housing listening tour sessions; (iii) Ms. Johnson's commencement address to UR's Robins School of Business graduates; (iv) the receipt by former Managing Director of Community Outreach, Mike Hawkins, of the Virginia Planning District

Commission's Robert W. Baker Achievement Award; (v) updates on Virginia Housing's advisory councils; and (vi) the Virginia Housing 50th Anniversary celebration, including the Virginia House Grant, a partnership with Habitat for Humanity affiliates for the construction of five homes.

The meeting was recessed at approximately 5:35 PM on August 23, 2022.

At the Board dinner held at the Virginia War Memorial, the Board presented former Commissioners Blackston, Ganeriwala, Johnston and Narasimhan with their Resolutions in appreciation of their service on the Board and celebrated Virginia Housing's 50<sup>th</sup> Anniversary.

Chairman Shelton reconvened the meeting at 9:20 AM on August 24, 2022. All the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Whitaker who was not present on August 24th.

Commissioner Horn provided updates regarding DHCD, including that: (i) the Virginia Rent Relief Program continues to wind down; (ii) DHCD staff has completed a listening tour on affordable housing issues, including a session attended by Governor Youngkin at Virginia Housing's headquarters; and (iii) DHCD staff is working through many applications for the Governor's pool of private activity bond cap ("PAB Cap").

Mr. Jones and Mr. Caine made presentations regarding their respective firm's financial analysis of Virginia Housing and its programs. Mr. Jones' presentation included background on CSG Advisors, the firm's experience working with housing finance agency ("HFA") clients, plans with respect to creating an enterprise-wide economic model, including the financial metrics to be included, and next steps and timing of CSG Advisors' planned work. Mr. Caine's presentation included background on Caine Mitter, the firm's experience working with HFA clients, the scope of Caine Mitter's engagement to analyze Virginia Housing's homeownership program in response to the Joint Legislative Audit and Review Commission ("JLARC") recommendations, a summary of findings to date, and next steps for Caine Mitter's work. Caine Mitter's findings to date include that, "[T]here is no available evidence to suggest that the approach used by Virginia Housing to set mortgage rates results in rates that are consistently materially higher than other commercially available loans within the Commonwealth or loans offered by other state HFAs."

Mr. Brennan updated the Board on Virginia Housing's progress on responses to the recommendations in the reports on affordable housing in Virginia and the operations of Virginia Housing prepared by JLARC. Mr. Brennan reported that staff will continue to review the JLARC recommendations, including working with CSG Advisors and Caine Mitter and provide further updates at the October meeting.

Ms. Johnson, Ms. Anderson, Mr. Bowen, Mr. Aparicio and Mr. Richardson presented the year-end performance report for fiscal year 2022 ("FY22"), updating the preliminary report provided to the Board in June. In addition to discussing the accomplishments for FY22 contained in the report, (i) Ms. Anderson updated the Board on a study being conducted by Abt Associates on the administration of Virginia Housing's Housing Choice Voucher program, and (ii) Mr. Bowen updated the Board on issues with respect to the PAB Cap, specifically the oversubscription of the

Governor's PAB Cap pool. The Commissioners also discussed the Industrial Development pool of PAB Cap and potential improvements to the PAB Cap allocation process.

The meeting was recessed at 12:05 PM for a brief lunch break.

Chairman Shelton reconvened the meeting at 12:30 PM on August 24, 2022. All the Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner Whitaker who was not present on August 24th.

Mr. Fasulo presented a report entitled "Board Brief #7: Impact of Changing Market Conditions on Virginia Housing's Programs." The brief addresses major changes in market conditions, such as high inflation and the Federal Reserve's decision to respond by significantly raising short-term interest rates; the direct impacts on Virginia Housing; the outlook for Homeownership, Rental Housing and Community Outreach; and a summary of impacts and strategies.

Mr. Henderson made a presentation comparing the impacts of REACH *Virginia* grants to REACH *Virginia* loan subsidies. Grants are cash disbursements; are reflected in Virginia Housing's financials as an expense when disbursed; and are budgeted for directly as an expense reflecting commitments from several prior years. In comparison, REACH *Virginia* loan subsidies (effects from loans with a reduced interest rate) are not a cash disbursement, rather, Virginia Housing agrees to receive less future interest payments on a loan than if the loan were made at market interest rate (an "opportunity cost"); are not included in the budget as a separate line item; and are reflected in Virginia Housing's financials as lower interest income.

Ms. Neale presented the REACH *Virginia* report. The report showed: (i) an FY22 allocation of \$183,992,755 and FY22 reservations and commitments totaling \$189,914,038; (ii) the positive impact of such allocation on Virginia Housing's Homeownership, Rental Housing and Community Outreach programs for FY22; (iii) a fiscal year 2023 ("FY23") REACH *Virginia* allocation of \$89,457,542; (iv) a breakdown of such FY23 allocation by strategic goal category; and (v) that from fiscal year 2006 through FY23, Virginia Housing will have allocated nearly \$824 million to REACH *Virginia*, including \$75 million of Amazon Impact funds.

Chairman Shelton, on behalf of the Executive Committee, reported the following with respect to its meeting on August 16, 2022: (i) the Committee discussed a potential revised Board committee structure in response to the recommendation of JLARC, the consensus of the Committee was that the current committee structure should be amended to add a Finance Committee as an additional standalone committee, and staff will present a Resolution adopting the revised committee structure and corresponding committee charters at future meetings; (ii) the Committee reviewed the Agenda for the Board meeting; (iii) Ms. Dewey reviewed a draft plan for her Chief Executive Officer goals for FY23, with additional details for such goals to be built out at future meetings; (iv) the Committee met in separate closed sessions to discuss the award of a public contract involving the expenditure of public funds and Chief Executive Officer compensation; (v) Chairman Shelton updated the Committee on a planned procurement of a human

resources advisor to the Board; and (vi) Mr. Bryant updated the Committee on plans with respect to litigation concerning a LIHTC property, as approved by the Board in the April Board meeting.

Commissioner Schewel, on behalf of the Audit Committee, reported the following with respect to its meeting on August 24, 2022: (i) the Committee conducted its annual reaffirmation and approval of the Internal Audit Charter, which was approved with one amendment; (ii) Ms. Hii provided the Committee an update on the Internal Audit department, including introductions of two new staff members with a third starting soon, the status of Internal Audit priorities and FY23 audits, and a description of Virginia Housing’s “Three Lines” of defense to risk model; (iii) the Committee heard presentations from staff representing the “Second Line” of defense functions (Legal’s Homeownership Compliance & Quality Control; Enterprise Risk; and the Information Security Office); (iv) Mr. Henderson provided a report on KPMG’s Uniform Guidance letters for fiscal year 2021, with Mr. Henderson reporting that neither letter contained findings; and (v) Mr. Henderson led a discussion addressing the effects of the Governmental Accounting Standards Board (“GASB”) adjustments that require Virginia Housing to mark its investments to current market value and the effects that rapidly rising interest rates in FY22 had on investments held by Virginia Housing, specifically a recent downward adjustment in an approximate amount of \$100 million, which does not affect the REACH *Virginia* allocation because such adjustments are only “paper losses” and are not considered in the allocation calculation.

Mr. Henderson reported on the Authority’s fiscal year 2022 financial statements as of June: (i) excess revenues over expense (before GASB adjustment) of \$5 million for the month, which is \$2.6 million greater than budget and \$20.4 million below last year, (ii) for FY 22, Virginia Housing achieved \$131 million in excess revenue over expenses (before GASB Adjustments), which is \$102.4 million greater than budget and \$14.9 million more than last year; (iii) net interest margin of \$220.6 million, which is \$7.8 million greater than budget and \$8 million above last year; (iv) programmatic expenses were \$32 million lower than budget due to lower than budgeted loan loss provision and expenses (\$33.4 million) and lower than budgeted program and partners expenses (\$1.8 million) offset by higher than budgeted mortgage servicing rights (“MSR”) amortization, loan acquisition and pooling (\$3.9 million); (v) administrative expenses are \$12.1 million lower than budget mostly due to lower than budget staffing costs and below budget projects and technology; (vi) total assets of \$9.6 billion, an increase of \$506.3 million above last year; (vii) total liabilities of \$5.9 billion, an increase of \$477.8 million above last year; (viii) annualized interest return of 1.44%, which is 0.23% above budget and 0.29% higher than last year; (ix) total market value of investments (excluding cash) was \$2.59 billion, including a \$50.7 million decrease in GASB 31 market value adjustments, with 58.2% of investments held in money market instruments and 41.6% held in mortgage backed securities (“MBS”); (x) a net position of \$3.74 billion, an increase of \$28.5 million over last year; (xi) a total mortgage portfolio of \$13.2 billion (including loans serviced for the government sponsored entities (“GSEs”), a \$695 million increase; and (xii) total assets and GSE servicing of \$16.1 billion, a \$762 million increase over last year.

Mr. Richardson presented a salient features memorandum for the Rental Housing Bonds, 2022 Series G-Taxable and Series H-Non-AMT (tax exempt).

The following items, in the forms attached hereto, were approved by the affirmative vote of the Commissioners then present on a motion to approve the items in the consent agenda: (i) the

minutes of the regular meeting of the Commissioners held on June 21-22, 2022; (ii) the minutes of the special meeting of the Commissioners held on August 3, 2022; and (iii) the resolution entitled “Resolution Approving and Ratifying Reservations of Federal Low-Income Housing Tax Credits” dated August 24, 2022. With respect to item (iii), prior to such vote, Mr. Bryant advised the Board that the Resolution represented the full approximately 75% forward allocation of 2023 9% credits approved by the Board in June, but that Developments converting to 4% LIHTC and/or accepting state housing opportunity tax credits in lieu of 9% LIHTC would be required to cancel or amend their 9% reservations accordingly to lower such pre-allocation of 2023 credits.

Chairman Shelton relinquished the chair to Ms. Dewey for the purpose of electing the Chairman of the Board. Ms. Dewey reported that the Executive Committee, at the June Board meeting, had recommended the nomination of Commissioner Shelton for Chairman and Commissioner Gibson for Vice Chair. Ms. Dewey declared the floor open for nominations for Chairman. Commissioner Schewel nominated Commissioner Shelton and Commissioner Artus seconded the nomination. There being no further nominations, the floor was closed. Commissioner Shelton was elected Chairman by the affirmative vote of each of the Commissioners then present at the meeting. Chairman Shelton then assumed the chair and declared the floor open for nominations for Vice Chairman. Commissioner Schewel nominated Commissioner Gibson and Commissioner Johnson seconded the nomination. There being no further nominations, the floor was closed. Commissioner Gibson was elected Vice Chairman by the affirmative vote of each of the Commissioners then present at the meeting.

There being no further business, the meeting was adjourned at approximately 2:20 PM.

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William C. Shelton, Chairman

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Fred Bryant, Assistant Secretary